

Council Agenda Report

To: Mayor Dennis Johnson
City Council Members

From: Allison Williams, Executive Services Director

RE: Resolution 2009-49

Date: August 10, 2009

Overview / Background:

Since early 2009, the city has been working diligently to monitor revenues and anticipate required savings in order to meet the 2009 budget, and plan for the more difficult year of 2010. As a part of this process, it has become evident that the city is very lean, and significant costs are attributed to the cost of employees. Wanting to be proactive, and provide a positive mechanism for attrition that will assist the 2010 budget, the following VERP program has been proposed to provide an incentive for eligible employees to retire. This program has been developed in partnership between the Mayor's office, Finance and Human Resources, based on similar programs that are being offered elsewhere in the state of Washington.

Budget Impact:

Should all eligible employees take advantage of the program, together with the cash out of vacation and sick leave, the City would be looking at a cost of \$285,089 in 2009 that would come out of city reserves. In 2010, it is anticipated that not all positions would be authorized for replacement and thus the potential for savings is \$394,612.

Action Requested:

Council approval of Resolution 2009-49 adopting a Voluntary Early Retirement Program.

RESOLUTION NO. 2009-49

A RESOLUTION, of the City of Wenatchee, Washington, adopting a Voluntary Early Retirement Program (VERP).

WHEREAS, the City of Wenatchee has experienced a rapid decrease in its anticipated tax revenues for budget year 2009 and expects the trend to continue in 2010; and

WHEREAS, the City has explored numerous options to decrease its budgeted expenditures anticipated in 2010; and

WHEREAS, employee compensation is a significant portion of the City's overall annual expenditures; and

WHEREAS, a reduction in force through voluntary attrition is preferable to layoffs of employees; and

WHEREAS, the City has instituted a hiring freeze; and

WHEREAS, the City desires to encourage voluntary early retirement by offering a financial incentive to employees to retire early; and

WHEREAS, a Voluntary Early Retirement Program is calculated to provide a savings to the City as part of the 2010 budgeting process.

NOW, THEREFORE, be it resolved that the City Council of the City of Wenatchee adopts the following Voluntary Early Retirement Program:

City of Wenatchee
Voluntary Early Retirement Program (VERP)

Concept

The City of Wenatchee is offering a one-time option by which **PERS 1** and **LEOFF 1** employees may voluntarily retire early.

Employees who volunteer to retire early will receive a lump sum payment as follows:

Years of Service with the City of Wenatchee	Lump Sum Payment
Up to 10 years	\$10,000
Each additional year of employment over 10 years	\$1,000 additional per year with a maximum benefit of \$20,000

Employee Eligibility Criteria

PERS 1 and LEOFF 1 employees, eligible to retire according to the Washington State Department of Retirement Systems (DRS). The City would encourage employees to check with DRS to confirm retirement eligibility. You can contact DRS at 1-800-547-6657 or www.drs.wa.gov.

Approach

Eligible employees will have from Monday, August 17, 2009 – Thursday, October 1, 2009 to submit a letter of intent to retire to their immediate supervisor/director who in turn will be submitted to the Mayor and H.R.

Access to Health Coverage

PERS employees and LEOFF dependents may continue their current Medical/Dental/Vision plans under COBRA for a maximum of 18 months. Under current COBRA law COBRA eligibility terminates upon the employee's entitlement to Medicare. After the 18-months employees would be eligible for AWC Retiree Plan(s) on a self pay basis. Contact AWC at 1-800-562-8981 to learn more about their retiree plan options.

General Conditions

By accepting the lump sum payment from the City under this Voluntary Early Retirement Program, the employee shall agree not to file for unemployment benefits due to separation of employment from the City. Nothing will preclude the employee from filing for unemployment benefits after separation from the City if the employee works for another employer after retirement from the City and separates from their employment.

Rehire Eligibility

Employees who participate in this voluntary early retirement program are not eligible for rehire by the City.

PASSED BY THE CITY COUNCIL OF THE CITY OF WENATCHEE, at a
regular hearing thereof this _____ day of _____, 2009.

CITY OF WENATCHEE, a Municipal
Corporation

By: _____
DENNIS JOHNSON, Mayor

ATTEST:

By: _____
Brenda Guske
City Clerk

APPROVED:

By: _____
STEVE D. SMITH, City Attorney